

Message Text

SECRET

PAGE 01 BUCAR 01276 011339Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----074419 012212Z /73

R 011302Z MAR 78
FM AMEMBASSY BUCHAREST
TO SECSTATE WASHDC 8141

S E C R E T BUCHAREST 1276

EXDIS

E.O. 11652: XGDS-1,2
TAGS: TSPA ACOM RO
SUBJECT: VIP TELECOMMUNICATIONS SYSTEM

REF: BUCHAREST 1175

1. SCIATT SOUGHT OUT E-SYSTEMS TEAM YESTERDAY IN EFFORT GET DETAILS OF CONTRACT AWARD. TEAM IS HEADING DIRECT TO DALLAS TODAY WITH LETTER OF INTENT FROM ROMANIANS AND MODEL CONTRACT. FOLLOWING HEADQUARTERS APPROVAL, FORMAL APPLICATION FOR EXPORT LICENSE WILL BE FILED. ACCORDING TEAM, CONTRACT BEGINS ON DATE LICENSE RECEIVED. ROMANIANS THEN HAVE 30 DAYS TO MAKE DOWN PAYMENT USING STANDBY LETTER OF CREDIT. TEAM PLANS RETURN HERE MARCH 15 TO BEGIN TECHNICAL WORK AND HOPES HAVE LICENSE IN HAND IN ORDER BEGIN PLACING MATERIAL ORDERS.

2. AS HAS BEEN THEIR APPROACH THROUGHOUT WITH EMBASSY, E-SYSTEMS TEAM MEMBERS WERE CORDIAL BUT VERY GUARDED ABOUT DETAILS OF CONTRACT AND NEGOTIATIONS. WHEN ASKED IF THEY INTENDED TO CHECK IN WITH DEPARTMENT, REPLY WAS THAT THEY WERE UNDER NO INSTRUCTION TO DO SO. SCIATT POINTED OUT THAT THIS WAS NOT STRAIGHT COMMERCIAL TRANSACTION. DEPARTMENT HAD DONE MUCH DELICATE POLITICAL GROUNDWORK, CULMINATING IN UNUSUAL STEP OF ISSUING LETTER GRANTING ADVANCED APPROVAL IN PRINCIPLE FOR EXPORT. WHOLE TRANSACTION REMAINED VERY SENSITIVE AND
SECRET

SECRET

PAGE 02 BUCAR 01276 011339Z

COULD BE OVERTURNED EVEN NOW IF NOT HANDLED CAREFULLY. HE URGED TEAM TO CONTACT DAS GANLEY FOR GUIDANCE AND ELICITED AGREEMENT THAT TEAM LEADER CAMERON WOULD CALL FROM DALLAS.

3. RETICENCE ON PART OF E-SYSTEMS TEAM IN DEALING WITH EMBASSY, IN CONTRAST TO COLLIN'S LATTI, IS PUZZLING. DESPITE EVEN-HANDED AND HELPFUL APPROACH BY EMBASSY, TEAM SEEMED TO REGARD

US AS COMPETITORS RATHER THAN PARTNERS. WHETHER ROMANIAN
SIDE PICKED UP ON THIS AND FACTORED IT INTO THEIR FINAL
CHOICE IS NOT KNOWN.

4. FOLLOWING WAS GLEANED BY SCIATT FROM DISCUSSION WITH TEAM:

--ROMANIANS TOLD E-SYSTEMS TEAM THAT THEY CHOSEN BECAUSE OF
THEIR COMPETENCY DURING NEGOTIATIONS AND BECAUSE THEY STUCK
IT OUT. PRICE QUOTATIONS BY COLLINS AND E-SYSTEMS WERE SO
CLOSE THEY DID NOT FIGURE IN FINAL DECISION.

--DECISION TO CHOOSE E-SYSTEMS NOT UNANIMOUS AT TECHNICAL
LEVEL, BUT GEN ZGAVARDICI CARRIED THE DAY.

--E-SYSTEMS HAS AGREED TO PROVIDE TELECOMMUNICATIONS SYSTEM
FOR PRESIDENT CEAUSESCU'S ILYUSHIN 62 WHICH WILL BE IDENTICAL
TO THAT INSTALLED IN BOEING 707. SOVIET TECHNICIANS TO DO
PART OF WORK, ALL OF WHICH MUST BE ACCOMPLISHED IN BUCHAREST.
TEAM STATED THIS LAST MINUTE ADD ON AND IT UNDERSTOOD THAT
CONTRACT DEPENDENT ON EXPORT LICENSE APPROVAL.

--E-SYSTEMS HAS AGREED TO ACCEPT ROMANIANS FOR TRAINING AT
AIRCRAFT WORKSITE. PRECISE CONFIGURATION NOT DISCLOSED,
BUT E-SYSTEMS APPARENTLY WILL NOT WORK AIRCRAFT AT GREENVILLE,
TEXAS FACILITY.

--E-SYSTEMS APPARENTLY ACCEPTED ROMANIAN DEMAND FOR 100 PER
CENT WARRANTY ON PERFORMANCE OF EQUIPMENT AND STIFF PENALTY
CLAUSE, BASED ON TACIT UNDERSTANDING THAT THIS FOR HIGHER
AUTHORITIES AND TECHNICAL LEVEL FULLY AWARE THIS NOT REALISTIC.

--BELIEVE ALSO THAT E-SYSTEMS HAS AGREED GIVE ROMANINAS
SECRET

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PAGE 03 BUCAR 01276 011339Z

COPY OF EXPORT LICENSE.
AGGREY

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NNN

Message Attributes

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